

## **REMARKS**

### **Interview Summary**

Applicant wishes to thank the examiner and his supervisor for granting the interview on September 12, 2007. Applicant and his representative explained the unusual problem faced by some pension funds due to shortfalls in investment value and the novel and non-obvious solution that applicant invented to overcome this shortfall by means a calculation that provides a value transformation. Applicant promised to revise the independent claims to clarify the novel and non-obvious features of the invention and to add elements to obviate the rejection under 35 USC 101. The examiners noted that no agreement was reached pending the submission of the proposed amendment.

Applicant has amended claim 1 to make it statutory, per the interview. Claims 5-21 have been cancelled without prejudice. New claims 22-27 have been added to further protect applicant's invention. In claim 1 the "investing" step is accomplished in one embodiment by selecting or having a third party select current, in-force life insurance contracts from the secondary market based on the criteria set forth in the claim. See paragraphs 5 and 7. The basis for the maintaining or having maintained step in claim 1 may be found at least in paragraphs 14 and 15. The basis for claim 22 may be found at least in paragraph 5. The basis for claim 23 may be found at least in paragraphs 10, 14 and 15. The basis for claim 24 may be found at least in paragraphs 14 and 15. The basis for claim 25 may be found at least in paragraph 14. The basis for claim 26 may be found at least in paragraphs 15 and 16.

As noted above, there is an unusual problem faced by some pension funds due to very significant shortfalls in investment value of the assets in the pension plan, which may require a significant increase in employer and/or employee contribution to the assets. This is referred to as unfunded actuarial accrued liability (UAL). The inventor has developed a novel and non-obvious multi-step solution to the UAL problem using calculation transformation by an apparatus of asset value numbers to arrive at a new pension asset value after a specific type of investment acquisition, in combination with the performance of one or more maintenance steps. Administration of the plan over a period of time reduces unfunded actuarial accrued liability (UAL) and/or reduces any corresponding UAL amortization by taking into account a probability of payment in the valuation.

Applicant's claimed invention calls for an investing assets step into a selected set of current, in-force life insurance contracts. Surprisingly, when a valuation step is performed by an apparatus, a transformation/conversion of asset value is obtained. The step is then performed of maintaining or having maintained the enforceability of the selected set of current, in-force life insurance contracts and processing or having processed death benefits arising from the life settlement contracts.

The previous claims had been rejected under 35 USC 103 as being obvious over Halley et al (US 4,696,094) in view of Banks (US 20003/0018498). This rejection is respectfully traversed and reconsideration is requested.

Halley et al. discloses a method for an employee to self-implement a pension by purchasing a life insurance contract from a life insurer 10 using predetermined periodic contributions, but naming as the beneficiary/owner a lending institution 12. The lending institution 12 receives and retains the life insurance contract. See column 1, line 62- column 2, line 9, column 2, lines 48-62. See also claim 1. The lending institution 12 then makes periodic payments to the employee. When the employee dies, the lending institution 12 receives the death benefit from the life insurance policy.

With respect to amended claim 1, the pension plan of Halley does not invest in and own the employee insurance policies. Rather the lending institution 12 is the original beneficiary/owner and retains the life insurance policies. See column 2, lines 59-62. Thus, there is no transfer of ownership, much less a transfer of ownership to a pension plan. Moreover, the claimed "investing" step of the present invention specifically excludes investing in life insurance contracts of the employees of the pension plan. Also, there is and could be no "calculating" step, that creates a transformation of assets of the pension plan, because the pension plan does not own the policies.

Banks discloses an employee benefit plan that includes a self-funding survivor benefit plan. Banks' employee benefit plan identifies certain high-earning employees as high risk employees (paragraph 9), and then purchases life insurance on those high risk employees in order to pay survivor benefits for the survivors of those high risk employees. See paragraphs 18, 24, 35, and 42 of Banks.

Claim 1 in the present case requires the pension plan to invest/ purchase current, in-force life insurance contracts from the owners of the contracts. In contrast, Banks purchases the insurance contracts directly from the life insurance carrier, not from the owners. Moreover, the claimed "investing" step of the present invention specifically excludes investing in life insurance contracts of the employees in the pension plan. In contrast, Banks only purchases life insurance contracts on its own high risk employees. Moreover, there is never a transfer of ownership of the policies in Banks. Banks employee benefit plan purchases and retains at all times the ownership of the policies, i.e., the original purchaser/owner never transfers an ownership interest.

Importantly, neither reference discloses or suggests the use of present value valuation rules so that a transformation of value is obtained.

Accordingly, in view of the present amendments and Remarks, the claims are now in allowable form. Early passage to issue is solicited.

The amendments and remarks are made without prejudice to any other or previously worded claims that have been filed or will be filed as part of this or related applications.

The Examiner is invited to contact the undersigned by telephone if it is felt that a telephone interview would advance the prosecution of the present application.

The Commissioner is hereby authorized to charge any additional fees which may be required regarding this application under 37 C.F.R. §§ 1.16-1.17, or credit any overpayment, to Deposit Account No. 19-0741. Should no proper payment be enclosed herewith, as by a check or credit card payment form being in the wrong amount, unsigned, post-dated, otherwise improper or informal or even entirely missing, the Commissioner is authorized to charge the unpaid amount to Deposit Account No. 19-0741. If any extensions of time are needed for timely acceptance of papers submitted herewith, Applicant hereby

petitions for such extension under 37 C.F.R. §1.136 and authorizes payment of any such extensions fees to Deposit Account No. 19-0741.

Respectfully submitted,

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